Approved For Release 2006/01/03 : CIA-RDP80B01554R002800020007-7

Tape 37

Side A, 4 7/8 - 5

23 JAN 1978

STAT MEMORANDUM FOR: [redacted]

FROM: DCI

Would you take that list of people at the Conference Board dinner and bounce it against the Business Council in two regards. One is the firm and the other is the individual. I'm a little concerned as to how much overlap there may be between the attendees at the Conference Board talk and the Business Council talk on the 15th of February. I intend to give exactly the same speech and am interested in checking whether that will be appropriate.

Attached

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NEW YORK TIMES

ARMS

IN ARMS TO THIRD WORLD COUNTRIES. THE UNITED STATES TOTAL FOR BOTH NEW SALES AND ARMS DELIVERED WERE MORE THAN TWICE AS LARGE. THE NEW CIA REPORT, HOWEVER, IS SAID TO SHOW SOVIET AND AMERICAN TOTALS TO BE MUCH MORE EQUAL.

FBC-ARMS 1STADD
WASHINGTON: EQUAL.

THE MAJOR COMPLAINT OF THE REPORT'S CRITICS IS THAT THE CIA'S FINDINGS REFLECT A CHANGE IN ACCOUNTING PROCEDURES THAT TEND TO EXAGGERATE THE SIZE OF MOSCOW'S EFFORTS IN COMPARISON WITH THE AMERICAN PROGRAM. UNDER A PREVIOUSLY USED APPROACH, THE CIA ATTEMPTED TO MEASURE THE TOTAL SIZE OF THE SOVIET EXPORTS, INCLUDING THE COST OF SUPPORT PROGRAMS, SPARE PARTS AND MAINTENANCE.

HOWEVER, CIA OFFICIALS, INCLUDING ADM. STANSFIELD TURNER, THE DIRECTOR, ARE SAID TO HAVE CRITICIZED THIS APPROACH ON THE GROUND THAT INTELLIGENCE CONCERNING SOVIET SUPPORT ACTIVITIES WAS NOT ADEQUATE TO COME UP WITH A FIRM ESTIMATE OF THE OVERALL SIZE OF MOSCOW'S PROGRAM. AS A RESULT, THE CIA STUDY ESTIMATES ONLY THE VALUE OF SO-CALLED ''END ITEMS'' - MILITARY HARDWARE THAT IS SHIPPED TO THE THIRD WORLD, EXCLUDING TRAINING AND SUPPORT EXPENSES.

WHEN THIS FIGURE IS COMPARED WITH THE VALUE OF AMERICAN EQUIPMENT DELIVERED TO THE THIRD WORLD, OFFICIALS SAID, THE DIFFERENCES BETWEEN MOSCOW AND WASHINGTON'S PROGRAMS ARE FAR SMALLER THAN UNDER THE PREVIOUS METHOD OF ACCOUNTING.

CRITICS OF THE NEW APPROACH, HOWEVER, NOTE THAT SOME 60 PERCENT OF AMERICAN MILITARY SALES DO NOT INVOLVE EXPORT OF WEAPONS BUT CONSIST OF SUCH ACTIVITIES AS TRAINING AND CONSTRUCTION. THE SOVIET TOTAL FOR THESE ACTIVITIES IS THOUGHT TO BE MUCH SMALLER AND BY LEAVING THEM OUT OF THE COMPARISON OFFICIALS ARGUE THAT THE CIA REPORT WILL LEAD TO A DISTORTED PUCTURE OF SOVIET-AMERICAN SALES.

OFFICIALS ARE ALSO CONCERNED THAT OTHER MAJOR ARMS SUPPLIERS, SUCH AS FRANCE, AND BRITAIN, WILL REACT SUSPICIOUSLY TO THE CIA REPORT. THEY HAVE BEEN SKEPTICAL OF ADMINISTRATION EFFORTS TO ENGAGE THEM IN A MULTILATERAL PROGRAM OF EXPORT RESTRAINTS AND, IN VIEW OF SOME, ARE LIKELY TO VIEW THE REPORT AS AN EFFORT TO PRESSURE THEM INTO ENTERING TALKS.

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STAT

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MEMORANDUM FOR:

STAT

DCI /

There is a potential overlap between Corp Bd and Business Council of nine people.

VIR

STAT

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Date 25 Jan

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OFFICIAL ROUTING SLIP

TO		DATE	
1		1/26	
2		1/26	
3	DCI	28 JAN 1978	
4		30 Jan	
5			
6			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

Remarks

I think we showed key tabs on which of the overlaps accept for 15 Feb. I would say if any of the services accept, the DCI should have a different speech.

Will plan to discuss w DCI on plane.

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO. | DATE

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FORM NO. 1-67 237 Use previous editions (40)

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OFFICE OF THE DIRECTOR

Date: 13 Feb

TO: NCI

STATINTL [redacted] Council Address

SUBJECT: Business

REMARKS:

The B.C. dinner/address will be in the Chinese room of the Mayflower Hotel. They have asked that you arrive at 1900 sh. There will be an informal reception from 1900-1950 - with a very informal receiving line - you and Chuan De Butts. Sit down dinner 1950-2000. Your address will begin at 2115 or so. Out the door by 2215. Unless you prefer otherwise [redacted] and [redacted] will accompany you. OK

STAT STAT

STATINTL

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STAT

[redacted]

V/Respy